

PREMIER PRESS

MAY 2017

Base Plan News

The PMI board is reviewing ideas for a base plan. We are looking at a two tier plan that would give good incentives to increase fall milk production without increasing the spring milk production and incentives or penalties to reduce the seasonal variation from spring to fall on the farms. Please ask your board member or Tom Pittman about the plan if you have questions. The board would like to implement the plan soon.

Butterfat

TG Lee Orlando wants their milk between 3.30 – 4.00% butterfat. If your butterfat starts to go over or under that level, you are at risk of being kicked out of their plant until you can prove that your butterfat is in range and can stay within the range. Also butterfat values are and will climb higher as we go through the rest of this year. In fact over half of your milk check value comes from butterfat. If your butterfats are close to 3.30%, give your farm a raise in your milk price by increasing your butterfat percentage in the milk. Going from 3.30% to 3.70% will increase your milk price by over \$1.00/cwt. With that increase, you will also remove yourself from the risk of being kicked out of TG Lee Orlando.

Important Contact Info

North & South Florida Milk Hauling
Rick Hedrick: 912-253-0993

Georgia and Florida Panhandle Milk Hauling
Kevin Mann: 877-367-9167

Milk Quality Assistance
David Sumrall: 352-283-5780



Premier Milk Inc.

1531 SE 36th Avenue, Suite D
Ocala, Florida 34471

Phone: (352) 433-2527

Fax: (352) 433-2547

www.premiermilk.org

info@premiermilk.org

Global Outlook

After a week of mostly steady increases in spot butter prices, market participants are weary and searching for answers as to whether the price rise is justified. While there may not be overwhelming domestic data to support the dramatic appreciation of CME butter futures and spot prices, there are some concerns from overseas that could help explain the U.S. butter market eruption. First-quarter 2017 EU-28 butter production, excluding Denmark, is nearly 5% less than in the same period in 2016. With steady demand, declining output would suggest a shortfall for the second half of the year when butter sales typically peak. And it appears Europe could be reducing exports to hold product for internal use later this year. EU-28 butter exports for first-quarter 2017 were down 24% vs. the prior year after adjusting for leap year.

With less European butter in the market, more buyers will turn to New Zealand - the world's primary butterfat supplier. Robust demand has helped New Zealand butter and anhydrous milkfat (AMF) prices reach historical highs in recent

days. Several top-10 butter importers reported first-quarter volumes, and the aggregate data looks mostly unchanged. That said, constrained supply with steady demand causes prices to move higher. There is one noteworthy country importing more butter – Russia. Russia quietly regained the top spot for butter imports by importing 24,883 MT of butterfat in the first-quarter of this year, up 16% from the same period a year ago after adjusting for leap year. Russia's pace of imports mirrors the five-year average but reflects a recovery from the past two years. Most of Russia's imports came from Belarus, but it is importing a lot more butterfat from New Zealand, up 206% year-over-year in the first quarter. European butter exports are down. Russian butterfat imports are up.

Global butterfat demand is steady to higher. New Zealand has a finite amount of butterfat. And suddenly, global buyers hungry for butterfat look to the United States, which is sitting on a pile of butter and a steady flow of cream. In a flash, the recent market moves make a little more sense. *Daily Dairy Report*

U.S. Milk Supply Outlook

United States milk production in March continued to expand. At 18.7 billion pounds, output was 1.7% above March 2016 but smaller than YOY gains of 2.3% in February and 2.6% in January. The U.S. dairy herd at 9.380 million head stands at a 20-year high and 59,000 head more than last year. Cold, wet weather along the Pacific Coast resulted in lower YOY milk production, while favorable weather and margins

contributed to greater YOY gains east of the Rockies. Disruptive milk marketing conditions from the Upper Midwest through the Northeast have resulted in reduced farm-level milk prices that could negatively impact milk production in 2H 2017. *Daily Dairy Outlook*

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Premier Milk MARKET MINUTE

Commodity Prices	Sept	Oct	Nov	Dec	Jan	Feb	March	April	Current
Cheese - World Market	\$1.5894	\$1.6471	\$1.6386	\$1.6896	\$1.7038	\$1.7350	\$1.6726	\$1.5592	\$1.6329
Cheese - CME Block	\$1.6224	\$1.6035	\$1.8775	\$1.7335	\$1.6866	\$1.6199	\$1.4342	\$1.4976	\$1.6700
Cheese - CME Barrel	\$1.5415	\$1.5295	\$1.7424	\$1.6132	\$1.5573	\$1.6229	\$1.4072	\$1.4307	\$1.4700
Cheese - NASS	\$1.7514	\$1.5830	\$1.7596	\$1.7990	\$1.7011	\$1.6871	\$1.5551	\$1.4960	\$1.5173
Butter - World Market	\$1.8049	\$1.9405	\$1.9917	\$2.0624	\$2.0410	\$1.9930	\$2.1272	\$2.2510	\$2.2680
Butter - CME Cash	\$1.9950	\$1.8239	\$1.9899	\$2.1763	\$2.2393	\$2.1534	\$2.1392	\$2.0976	\$2.3750
Butter - NASS	\$2.0775	\$1.8637	\$1.9092	\$2.1000	\$2.2568	\$2.1760	\$2.1679	\$2.1160	\$2.1181
NFDM - World Market	\$1.0159	\$1.0476	\$1.0362	\$1.0390	\$1.0518	\$1.0443	\$0.9469	\$0.8733	\$0.8958
NFDM - Central A.O.M.	\$0.9212	\$0.9262	\$0.9177	\$0.9815	\$1.0333	\$1.0019	\$0.8570	\$0.8363	\$0.8750
NFDM - NASS	\$0.8847	\$0.9222	\$0.9119	\$0.9579	\$1.0229	\$0.9926	\$0.8570	\$0.8363	\$0.8603
Whey - Central A.O.M.	\$0.3052	\$0.3270	\$0.3499	\$0.3844	\$0.4231	\$0.4650	\$0.4869	\$0.4900	\$0.4900
Whey - NASS	\$0.3055	\$0.3303	\$0.3690	\$0.3994	\$0.4421	\$0.4894	\$0.5249	\$0.5243	\$0.5078
F. O. 6 Class I @ Tampa	\$21.96	\$22.00	\$20.18	\$22.28	\$22.85	\$22.13	\$22.30	\$21.45	\$21.60
Net Cl. I Prem. @ Tampa	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
F.O. 6 Class I Utilization	87.9%	83.1%	83.1%	83.2%	85.7%	83.4%	83.4%	80.6%	
F. O. 6 Blend @ Tampa	\$20.87	\$20.39	\$19.43	\$21.64	\$22.22	\$21.07	\$21.28	\$20.08	
PMI - Average SCC	386,984	347,869	328,785	339,808	341,010	333,823	322,294	325,852	
PMI - Average SPC	9,476	7,581	10,081	8,648	10,269	7,656	84,454	6,162	
PMI - Average PIC	25,487	17,008	24,306	27,179	158,118	27,802	28,447	16,860	
Premiums Paid - PMI	\$0.22	\$0.30	\$0.29	\$0.21	\$0.30	\$0.26	\$0.41	\$0.48	

Class III Milk Futures	Jan	Feb	March	April	Current
May-17	\$17.37	\$16.21	\$15.75	\$15.35	\$15.60
Jun-17	\$17.57	\$16.36	\$16.01	\$15.47	\$16.32
Jul-17	\$17.71	\$16.66	\$16.59	\$15.98	\$16.78
Aug-17	\$17.83	\$16.89	\$16.85	\$16.39	\$17.15
Sep-17	\$17.81	\$16.91	\$16.96	\$16.65	\$17.27
Oct-17	\$17.84	\$16.87	\$16.86	\$16.65	\$17.18
Nov-17	\$17.60	\$16.81	\$16.78	\$16.67	\$17.02
Dec-17	\$17.32	\$16.69	\$16.67	\$16.59	\$16.86
Jan-18	\$16.98	\$16.60	\$16.56	\$16.37	\$16.62
Feb-18		\$16.79	\$16.51	\$16.29	\$16.55
Mar-18			\$16.24	\$16.24	\$16.50
Apr-18				\$16.25	\$16.39

Note: Class III milk futures prices are quoted at the close on the last day of the month.

Mailbox Price Comparison		
FL	USDA	PMI
Apr-17		\$18.21
Mar-17		\$19.31
Feb-17	\$18.96	\$18.84
Jan-17	\$20.52	\$20.43
Dec-16	\$20.15	\$21.49
Nov-16	\$17.97	\$17.78
Oct-16	\$18.62	\$18.03
Sep-16	\$19.65	\$19.08
Aug-16	\$18.00	\$17.99
Jul-16	\$16.79	\$17.40
Jun-16	\$15.74	\$16.58
May-16	\$15.30	\$16.56